

RALEIGH-DURHAM AIRPORT AUTHORITY

MINUTES

September 19, 2002

Chairman Gibbs presided. Present: members Lane; Parker; Sparrow; Teer; and Toler. Absent: members Clancy and Winston. Also present: Airport Director Brantley; Deputy Director, Operations Shackelford; Deputy Director, Facilities Engineering & Maintenance Pittman; Deputy Director, Finance, Business & Administration Gill; Major Capital Improvements Program Director Powell; Customer Service & Organizational Support Director Damiano; Administration Director Umphrey; Finance Director Barritt; Senior Program Manager Edmondson; Senior Program Manager Quesenberry; Program Manager Cayton; Facilities Engineering Manager Jewett; Maintenance Manager Fulp; Customer Relations Supervisor Kawiecki; Properties & Insurance Officer Quinn; Emergency Services Manager Thompson; Law Enforcement Manager Waters; Information Technology Manager Schiller; Communications Manager Hamlin; Ground Transportation Manager Odom; Ground Transportation Coordinator Nye; Financial Analyst Golden; Operations Manager Nelson; Network Administrator King; Purchasing Officer Thompson; Accountant Marion; Communications Specialist Dunton; Business Development Officer Hairston; Executive Assistant Mitchell and Attorney Tatum.

Guests: Charles McCloskey and Steve Cornell, Parsons Transportation; Stacie Henn, Solbourne; and Rev. Dennis Stiles.

APPROVAL OF AGENDA – Adoption of a reimbursement resolution was added as item number 6. There were no other changes to the agenda, and it was approved as amended.

APPROVAL OF MINUTES – There were no changes to the minutes of the August 15 and September 5, 2002 meetings, and they were approved as submitted.

CHAIRMAN’S COMMENTS – Chairman Gibbs had no comments at this time.

MARKETING & CUSTOMER SERVICES COMMITTEE – Member Toler reported the Committee met on September 12, 2002 and discussed the following items:

1. Introduction of Ronald J. Juhl, Federal Security Director for RDU. Customer Service and Organizational Support Director Damiano introduced the Transportation Security Administration’s newly-appointed Federal Security Director, Ronald J. Juhl. Mr. Juhl is responsible for RDU and the Fayetteville Regional Airport and oversees all matters involving passenger and baggage screening, as well as all civil aviation security regulatory matters, at the two airports. Mr. Juhl provided a brief update on the federalization of passenger and luggage screening.
2. Authority facility improvements to support customer service in the security screening process. Senior Facilities Program Manager Edmondson reported on the Authority’s proposed plans to improve the terminal facilities to support customer service in the security screening process. Those plans include expanding the security checkpoints to provide additional screening capacity and facilitating installation by the TSA of checked luggage explosives detection screening systems. The Authority and the TSA are working together on the facility plans.

3. Review of Authority's Customer Service Policy and discussion of customer service standards for RDU. Customer Relations Supervisor Kawiecki provided a copy of the Authority's Customer Service Policy and a draft of the security checkpoint customer service standards. The Committee deferred review of the draft standards until after the Authority and the TSA have reviewed and incorporated joint customer service standards.

In other Committee business, Member Toler requested that staff investigate what would be required for RDU to compete for national Customer Service Awards such as the J.D. Powers survey awards or similar reviews. Mr. Toler also requested that staff report to the Authority information on customer comments as currently tracked. Mr. Toler thanked Customer Services and Organizational Support Director Damiano and Customer Relations Supervisor Kawiecki for their work on the customer services issues.

The Authority received the report. No further action was required.

LAND & DEVELOPMENT COMMITTEE – Member Teer reported the Committee met on September 19, 2002 and discussed the following item:

1. Presentation of proposed interior design and furnishings for New Authority Operations Center, RDU #070369. Representatives of O'Brien/Atkins Associates presented examples of the proposed interior décor and furnishings for the New Authority Operations Center. Swatches of interior wall covering, carpet and flooring samples, photographs of suggested furnishings and proposed colors were viewed. Construction of the new Operations Center will be advertised for bids on September 30, 2002 to be received on October 30, 2002.

The Authority received the report. No further action was required.

ENTERPRISE RESOURCE PLANNING (ERP) SOFTWARE IMPLEMENTATION – Deputy Director, Finance, Business & Administration Gill reported on a staff recommendation for implementation services associated with bringing on-line the enterprise resource planning (ERP) software. On May 16, 2002, the Authority authorized the purchase of ERP software from Oracle Corporation. Nine proposals were received in response to the Request for Proposals. They were from: American Technology Associates; Appsability; Baytree Associates; BOSS Corporation; Emergys-PWC Consulting; KPMG Consulting; Montage; Oracle Corporation; and Solbourne. The following three firms were chosen for further consideration: Appsability; Montage and Solbourne. All three firms are experienced Oracle implementation consultants. Based upon implementation methodology, skill and experience of the consultant team members, proven successful implementations and verifiable reference checks of previous clients, staff recommended engaging Solbourne to perform the implementation. The scope of services includes consulting services related to project management and implementation consulting necessary for the Authority to implement Oracle 11i core financials (general ledger, accounts payable, accounts receivable, purchasing), project cost management, human resources and payroll modules. Solbourne has agreed to a Guaranteed Maximum Price of \$647,500. This alleviates risk to the Authority because, while the contract is structured to pay for services on a time and materials basis, the Authority will not be liable for any additional costs. The projected go-live date for the modules is January 3, 2003. Staff recommended the Airport Director be authorized to execute the services agreement with Solbourne, pending final legal review.

Member Parker asked a number of questions about the proposed arrangement with Solbourne for clarification, to which Deputy Director Gill responded.

Member Toler made a motion, seconded by Member Lane, to authorize the Airport Director to execute a Services Agreement with Solbourne for implementation of Oracle Financial Software System Replacement and Maintenance Management System Software at a cost not to exceed \$647,500.

Members Gibbs, Lane, Sparrow, Teer and Toler voted aye, Member Parker voted no. Motion Adopted by 5-1.

ANTON AIRFOOD OF N.C. SUBLEASE AGREEMENTS – Business Development Officer Hairston reported on the request of Anton Airfood of N.C. for approval of modifications to two of its approved sublease agreements. The first is termination of the sublease agreement between Anton Airfood of N.C. and RDU All American Joint Venture. The second is the approval of Amendment #1 to the Anton Airfood of N.C. and JQ Enterprises sublease. The sublease with RDU All American Joint Venture includes three restaurant locations: Space A2, which is one of three concepts in the food court adjacent to Gate A15; Space A15, which is across from Gate A21; and Space C20, which is across from Gate C10. RDU All American Joint Venture is a joint venture between Anton Airfood and JFG Food Service, a DBE firm. JFG Food Service has failed to perform under the terms of the joint agreement by failing to provide on-site day-to-day management of the three concession units. The original sublease with JQ Enterprises includes two restaurant concepts in Space A2. JQ Enterprises is a DBE firm. Amendment #1 to the sublease would add two of the A&W restaurants currently assigned to the RDU All American Joint Venture sublease. The new compliment of restaurants resulting from this Amendment includes all concepts in space A2 (Jump Asian Cuisine, Golden Corral Airport Express and A&W) and Space A15, an A&W restaurant. As proposed, two of the three restaurants assigned to the RDU All American Joint Venture will be reassigned to the JQ Enterprises sublease. Anton Airfood will operate the third unit, which is in Terminal C. Staff recommended the Authority terminate the Anton Airfood of N.C. and RDU All American Joint Venture sublease and approve Amendment #1 to the Anton Airfood of N.C. and JQ Enterprises sublease.

Member Teer made a motion, seconded by Member Toler, to approve staff's recommendation to terminate the Anton Airfood of N.C. and RDU All American Joint Venture sublease and approve Amendment #1 to the Anton Airfood of N.C. and JQ Enterprises sublease. Adopted.

BENNY CASH SHOESHINE LEASE AGREEMENT – Business Development Officer Hairston reported on the proposed Lease Agreement with Benny Cash Shoeshine. Benny Cash has provided shoeshine services in Terminal C for the past 15 years under an agreement with American Airlines. As a requirement of the lease with the Authority, Mr. Cash will replace the existing stands and relocate to new locations to accommodate expansion of the security checkpoint. The lease is for approximately 35 s.f. of space across from Gate C13 and 65 s.f. of space across from Gate C15 in Terminal C. The term is October 1, 2002 through September 30, 2007. The base rent is \$200 per month. Percentage rent is 10% of gross revenues. Staff recommended approval of the Agreement.

Member Toler made a motion, seconded by Member Sparrow, to approve the Lease Agreement with Benny Cash Shoeshine for provision of shoeshine services in Terminal C. Adopted.

ADOPTION OF A REVISED REIMBURSEMENT RESOLUTION - Chairman Gibbs stated that it would be desirable to approve a reimbursement resolution, so the Authority could be reimbursed from revenue bond proceeds for advances made in connection with projects to be financed. The resolution reads as follows:

WHEREAS, the Authority intends to construct a general aviation terminal and an operations center; to construct a ramp expansion, including the relocation of Taxiway D; and to improve Terminal C and associated facilities, including architectural, pre-construction and construction undertakings in connection therewith (hereinafter collectively referred to as the "Projects") by securing more than \$100 million in financing to cover all or a portion of the estimated cost of the Projects;

WHEREAS, the Authority expects to incur expenses on the Projects prior to that financing;

WHEREAS, the Authority wishes to reimburse itself from the financing proceeds for any expenditures made by the Authority on the Projects prior to the financing.

NOW, THEREFORE, BE IT RESOLVED, by the governing body of the Raleigh-Durham Airport Authority as follows:

Section 1. *The Board, which is authorized to declare the official intent of the Authority with respect to matters contained herein, hereby makes the following declaration which is intended to constitute a Declaration of Official Intent to Reimburse from Financing Proceeds Expenditures Made with respect to the Projects:*

- (a) Expenditures to be Incurred. The Authority expects to incur expenditures (the "Expenditures") related to constructing a general aviation terminal and an operations center; constructing a ramp expansion, including the relocation of Taxiway D; and improving Terminal C and associated facilities, including architectural, pre-construction and construction undertakings in connection therewith.*
- (b) Plan of Finance. The Authority intends to finance costs of the foregoing Projects with proceeds of a financing in an amount deemed advisable by the Authority and at least equal to \$100 million (the "Borrowing").*
- (c) Declaration of Official Intent to Reimburse. The Authority hereby declares its official intent to reimburse itself with the proceeds of the Borrowing in an amount not exceeding \$100 million for Expenditures paid prior to the incurrence of the Borrowing.*

Section 2. *This resolution shall take effect immediately upon its passage.*

Member Sparrow made a motion, seconded by Member Teer, to adopt the revised Reimbursement Resolution declaring the Authority's intent to reimburse itself with the proceeds of the Borrowing in an amount not to exceed \$100,000,000 for expenditures paid prior to the incurrence of the Borrowing.

Adopted.

MEMBER COMMENTS/REPORTS – There were no member comments at this time.

GENERAL COUNSEL’S REPORT – Attorney Tatum had no comments at this time.

AIRPORT DIRECTOR’S REPORT –

- Enplaned passengers for August 2002 totaled 378,158 versus 432,828 for August 2001 for a 12.6% decrease. Year-to-date 2002 enplaned passengers totaled 2,906,233 versus 3,631,295 for year-to-date 2001 for a 20.0% decrease.
- Deplaned passengers for August 2002 totaled 381,473 versus 458,276 for August 2001 for a 16.8% decrease. Year-to-date 2002 deplaned passengers totaled 2,904,835 versus 3,641,495 for year-to-date 2001 for a 20.2% decrease.
- Enplaned air cargo for August 2002 totaled 8,501,347 pounds versus 10,378,908 pounds for August 2001 for an 18.1% decrease. Year-to-date 2002 enplaned air cargo totaled 65,453,793 versus 83,579,640 for year-to-date 2001 for a 21.7% decrease.
- Deplaned air cargo for August 2002 totaled 11,248,238 pounds versus 11,487,685 pounds for August 2001 for a 2.1% increase. Year-to-date 2002 deplaned air cargo totaled 82,137,913 versus 85,170,768 for year-to-date 2001 for a 3.6% decrease.
- Weekday scheduled flight departures for August 2002 totaled 220 versus 313 for August 2001 for a 29.7% decrease.
- Aircraft operations for August 2002 totaled 20,608 versus 25,434 for August 2001 for a 19.0% decrease. Year-to-date 2002 aircraft operations totaled 164,399 versus 201,005 for year-to-date 2001 for an 18.2% decrease.
- The number of vehicles exiting the terminal area public parking lots during August 2002 totaled 175,923 versus 237,724 for August 2001 for a 26.0% decrease. The year-to-date 2002 number of vehicles exiting the terminal area public parking lots totaled 1,336,029 versus 1,714,770 for year-to-date 2001 for a 22.1% decrease.
- The number of taxicab trips taken during August 2002 totaled 10,845 versus 11,106 during August 2001 for a 2.4% increase. The year-to-date 2002 number of taxicab trips totaled 91,648 versus 92,196 for year-to-date 2001 for a 0.6% decrease.
- Airline load factors for the month were very good. US Airways had the highest load factor with 85%. Five carriers exceeded 70%, and two carriers hovered around 60%.
- The August edition of *Airports* reported that RDU was the 37th busiest out of the top 100 airports in the country in the first quarter of 2002 in terms of local origin/destination air passengers.

- RDU is not being considered as one of the 40 airports for which the deadline for implementation of the 100% checked baggage screening using EDT/EDS equipment would be extended.
- Customer Service & Organizational Support Director Damiano reported that approximately 20 employees recently completed a functional workplace Spanish class. A second class has begun. Customer trends, as expressed in customer email, cards, letters, etc., are now being tracked. The most recent trends focus on four areas: the availability of food before transiting the checkpoints; signs (primarily parking-related); checkpoint experiences; and the desire of military personnel to have a USO-type facility. In response to these issues, Business Development Officer Hairston has been working with concessionaires to establish food kiosks with snacks and newspapers, etc. on the lower level of Terminal A, as well as considering plans to build out permanent concession spaces on lower level of Terminal A. Parking Director Scialdone and staff have made a concerted effort to keep sign messages accurate as they relate to actual space availability and events in the parking garages and lots. In response to the information gathered about customers' experiences at the checkpoints, the Authority is partnering with the TSA to establish customer service standards. Military personnel have expressed a desire to have some type of USO club or facility in which to wait for their flights. These personnel (primarily Marines) often arrive hours before departure times. There are no USO clubs in operation in the U.S. at present. The Authority is looking for suitable space that could also be paired with other lounge-type needs for use with special groups (students, unaccompanied minors), etc. All terminal conference rooms previously used for these purposes have been lost due to construction and reconfiguration.
- Deputy Director, Finance, Business & Administration Gill provided an update on the status of Midway Airlines and US Airways as result of their bankruptcy filings. Midway filed for Chapter 11 bankruptcy protection on August 13, 2001. Immediately after the filing, Midway was placed on a pre-paid, cash basis. From that time until Midway's recent shutdown and announcement of a proposed relationship with US Airways, Midway remained current on all payments owed to the Authority. The Authority does not currently require a weekly wire from Midway since all charges have ceased and all post-petition debt has been paid. The Authority is still pursuing pre-bankruptcy petition debt through the bankruptcy's unsecured creditors' committee. US Airways filed for Chapter 11 bankruptcy protection on August 11, 2002. The bankruptcy protection also applied to PSA Airlines, Piedmont Airlines and Material Services, all part of US Airways Group, Inc. US Airways also was placed on a pre-paid, cash basis following its filing and is required to submit weekly wire payments to the Authority.

ADJOURNMENT - There being no further business, Chairman Gibbs adjourned the meeting.

Respectfully submitted,

J. Ray Sparrow, Secretary

CORRECT ATTEST:

Kenneth D. Gibbs, Sr., Chairman